

Office of Special Operations

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# I. ANCESTRY

The typical American attitude toward government as such is similar to that of a libertine toward his female relatives. They must be the purer to offset, or perhaps to enhance, his own impurity. Lawlessness and defiance of law by individuals and even individual officials enlist large audiences of admirers. The Law, the Government, must be the purer, whether for atonement or titillation. Wherefore any "department of dirty tricks" meets with terrific resistance, not only from the public generally if it is aware, but at least on the subconscious level from officials, themselves drawn from the American public, who are assigned to such agency.

Prior to the creation of the office of Coordinator of Information on 11 July 1941, Gen. (then Col.) William J. Donovan had urged that the Government undertake successive and related phases of secret intelligence, sabotage, and assistance to guerrilla movements, with propaganda a basic factor throughout. This concept that information addressed to the potential enemy should be the partner and in some measure the cover for espionage and subversion is basic to the Donovan doctrine. The Donovan doctrine in turn remains basic to the theory of the covert activities of CIA up to the present. It is in the light of these expressed views of Donovan that the omnibus clause of the Presidential ~~Directive~~ Order establishing the COI should be read. It authorized "such supplementary activities as may facilitate the securing of information important for national security and not now available to the Government." Actually the linking of the issuance of information in the sense of Government releases and the collecting of information in the sense of intelligence was a subterfuge based on a semantic coincidence, requisite because of the typical

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Such a basis proved the more insubstantial because of the personalities who became associated. As head of Donovan's Foreign Information Service in COI, Robert E. Sherwood represented the basic belief that the truth was the best propaganda. He also constituted a much closer link to the President than did Donovan himself. A mission of black propaganda was obviously incongenial to Sherwood. And indeed there was little logic in placing domestic news release and foreign propaganda under the same hat. When COI produced the Office of War Information and the Office of Strategic Services by fission on 22 July 1942 (Pearl Harbor having intervened) Sherwood moved to the former under Elmer Davis.

The fission and shift disrupted the development of OSS because of the phrasing of the powers and duties transferred to OWI in paragraph 1c of the Executive Order of 13 June 1942. It specified "the power and duties of the Coordinator of Information, relating to the gathering of public information and its dissemination abroad, including, but not limited to, all powers and duties now assigned to the Foreign Information Service. ." (The crippling first comma was apparently an inadvertence.) The Military Order of the same date, which placed the new OSS under the direction and supervision of the JCS, contained its own omnibus clause in the duties assigned the new agency by paragraph 1b. It specified, "Plan and operate such special services as may be directed by the United States Joint Chiefs of Staff." This provided a loophole, but it placed the onus of interpreting -and stretching - the Presidential intent on the JCS. As an arm of the military, Donovan was a newcomer eliciting suspicion and mistrust within the family. Yet as a member of the family he was subject to control and hence of inestimable value in deflecting or hamstringing OWI in any sallies into the various war theaters. The Joint Psychological

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Warfare Committee of the JCS was reorganized by JCS #68, 21 June 1942, which provided that Donovan should head it and that it should be the channel between OSS and the JCS. It also provided an Advisory Committee of the JPWC, on which OWI would be represented. It also specified that a member of JPWC should be its representative on the Committee on War Information Policy, which was within, and created by the same 13 June order as, OWI. Thus Donovan was represented on Davis' interagency coordinating device and David on Donovan's, to the symmetrical perpetuation of their unresolved rivalry. Actually the opposite and conflicting aims and undertakings of OWI and OSS were typically resolved after reaching the theater commanders. Within military commands they were usually routed to the same staff section or commander, providing a choice of orders to follow.

COI had instituted studies of the propaganda aspects of psychological warfare, particularly studies of British methods, and these were in progress when OSS was established. They led to the establishment of the Morale Operations Branch of OSS by OSS General Order #9, 3 January 1943, which defined the Branch function as "conduct of subversion other than physical. But the Branch was plagued by uncertainty and insecurity until 27 October 1943, when JCS 155/11/D provided sanction of higher authority in paragraph 5a: "The Office of Strategic Services is responsible for the execution of all forms of morale subversion by diverse means. ." Thus while secret intelligence and paramilitary activities got off to a relatively clear start under OSS, the propaganda and related aspects which were the principle binder of the organization in Donovan's basic concept, had a rocky early path.

Less than a year after issuance of JCS 155/11/D, which comprehensively

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defined the functions of OSS, Donovan found time to address attention to the post-war situation.

## II. GESTATION

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On 10 October 1944 Donovan sent a memorandum to the President under the title, "Basis for a Permanent US Foreign Intelligence Service." This foreshadowed the outlines of CIA much as they exist today. His emphasis was on the collecting function and the estimating function was not stressed. But so far as the subject under discussion is concerned, the covert components of the agency, paragraph 7 of this memorandum stated: ". . . be responsible for all secret activities, such as, a) secret intelligence; b) counter espionage; c) crypto-analysis; d) clandestine subversive operations."

On 18 November 1944, a second memorandum from Donovan to the President on the same subject when further to the extent of enclosing a draft directive. This directive specified the functions and duties of (b) collection, and (e) subversive operations abroad, and again the omnibus clause, (g) such other functions and duties relating to intelligence as the President may direct."

The subject was then taken up for discussion in the JCS, and conflicting and modifying viewpoints began to appear. Donovan's next memorandum summarized the major conflicts as they appeared at that time, 26 December 44. The JCS then favored a minimum of centralization, leaning more in the direction of a mechanism for coordinating the existing intelligence activities of agencies and departments rather than any measure of central operations and performance of "services of common concern." The State Department at that time expressed more

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interest in "who" than "what", taking the tactical position that it would like assurance of a voice in the selection of the director.

On 24 January 1945 the Joint Strategic Survey Committee transmitted to the JCS its objections to Donovan's proposals. This body agreed with the concept of a National Intelligence Authority, a Central Intelligence Agency, and an Intelligence Advisory Board. The crucial issue of whether CIA should perform or sub-contract services of common concern was deferred. Among the problems which should be left to later solution was, in paragraph 7, "responsibility for secret or clandestine intelligence. JCS membership on the NIA was recommended, but this should be viewed in the light of the fact that there was then no Department of Defence embracing the several departments represented in the JCS. Thus, prior to the end of the war there was general agreement on the need for a CIA, wide differences of opinion as to the extent such an agency should have its own operating facilities, and possibly predominant sentiment that the later questions should be left open until after the Agency was created and developing its own policies.

Immediately after fighting ended, on 25 August 1945, Donovan informed the Director of the Budget that OSS had already taken steps to terminate many of its operational, as distinct from intelligence, activities. Thus concrete measures were already taking effect which would eliminate, for a time, Government activity in the fields, ranging from black propaganda to paramilitary operations, which are embraced under the now official definition of psychological warfare. At the same time Donovan enclosed what was to be his swan song as a Government official, his statement of principles which should govern the future CIA. On the subject of secret intelligence, in numbered paragraph 1, and in order to establish

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such activities independent of departmental intelligence activities, he

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stated: "Because secret intelligence covers all fields and because of possible embarrassment, no executive department should be permitted to engage in secret intelligence but in a proper case to call upon the central agency for service."

Within a month, on 20 September 1945, an Executive Order transferred the Research and Analysis Branch and Presentation Branch of OSS to the Department of State, ordered the liquidation of some activities and the continuation of "other services of a military nature." Seven days later Secretary of War Patterson set up the Special Services Unit in the War Department for the express purpose of preserving the facilities of OSS. Personnel strength at that time was 9,028. Thus cold storage facilities were established pending the continuation and eventual resolution of the question of what to do about a central intelligence agency.

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Meanwhile on 19 September 1945, Joint Intelligence Committee #239/5 and JCS #1181/5 were issued outlining the form of NIA and CIG substantially as they later came into being. On 13 October 1945 Secretary of the Navy Forrestal proposed to Patterson that they discuss the subject, adding that he believed the JCS paper to be soundly conceived and felt that the service agencies should push it vigorously.

Brig. Gen. John Magruder, Director of SSU, in an expression of his views in a memorandum to Asst. Sec. of War Lovett on 20 October 1945, stated that the permanent form of SSU activities would serve all policy departments and so should be under the joint direction of the Departments of State, War and Navy. Paragraph 3c of this memorandum specified the "procurement of foreign intelligence by clandestine means. . . both espionage and counter espionage."

He followed this with a longer memorandum six days later summarizing the

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current status and activities of SSU. It was carrying on the secret intelligence and counter espionage branches of its predecessor, while liquidating the support of resistance groups and guerrilla warfare, maritime sabotage and other operations, black propaganda and field photography. Communications and other service facilities were being continued at reduced levels. During wartime, the memorandum stated, OSS had also worked foreign intelligence services. By implication, since this function was part of the work of SI and X-2 (counter espionage) branches, it was being continued. Also during the war, the X-2 Branch had served as the central security and CE agency for the US in non-military areas. This branch had some [redacted]

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The Lovett Committee, to which he had appointed senior service intelligence and operations officers, including Magruder, followed with its report on 3 November 1945, which was approved as submitted by the Secretary of War on 6 November. On page 5 this stated that the central

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intelligence agency should operate as the sole collection agency in the foreign espionage and counter espionage fields, and perform such other services of common concern as the NIA should direct. On page 8 it proposed appointment of an Interim Activities Director, a major general or higher, to coordinate the espionage and counter espionage activities of G-2 with SSU, to transfer G-2 personnel engaged in such work to SSU, and in general to prepare SSU for its permanent form of existence.

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The false dawn of unanimity blacked out again on 10 December 1945, when Secretary of State James F. Byrnes transmitted the McCormack plan to the War and Navy Departments. So far as clandestine activities were concerned this was a long step backward, since it proposed machinery to study them "if they are to be conducted." This had definite effect on the soon-to-be-created CIG, since it enunciated State Department sentiment as favoring indecision on the fate of SSU. And since the Secretary of State was an NIA member, his preferences were a matter of consequence to the DCI.

### III BIRTH

When NIA and CIG were established by Presidential Directive on 22 January 1946, the net operating strength of SSU had been reduced to 2,354. However they were housed in Q Building and adjacent thereto, so the vicissitudes that were to stretch ahead for another nine months were on paper rather than of physical character. These future delays did not appear in prospect on the record, since the Directive, while not specifying "clandestine" by word, did specify "services of common concern." The explanation that references to "clandestine" were omitted to adjust the directive for publication seems adequate in the light of future practice.

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The same euphemism has been employed consistently since, and was wholly

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accepted and understood in the Congressional hearings prior to the passage of the National Security Act the following year. At those hearing the question of secret intelligence was discussed exhaustively, always under the terminology, for publication, of "services of common concern."

On 15 January 1946, when the CIG Directive was already in the mill, General Magruder had submitted to Maj. Gen. S. Leroy Irwin, who had been appointed as the Interim Activities Director recommended by the Lovett Committee, a statement of the assets and facilities which SSU had in readiness for the new agency. They included the "essential personnel, techniques and facilities for all the complex phases of clandestine peacetime intelligence procurement. The loss of many key officers and personnel was cited, but many of these constituted a recoverable pool at that time. SSU had compiled and kept current rosters noting the talents and qualifications of such departing personnel. SI records included tens of thousands of processed and indexed intelligence reports, the fruit of four years work; diaries, histories, operational records and manuals; [REDACTED]

and an exhaustive bibliography of espionage. SI current operations included stations fully converted to long-term peace-time activities in seven countries in the Near East and four in North Africa; continuing war-time activities in Germany, Austria, China and Southeast Asia were available as bases for mounting peace-time operations against other areas. Completed plans for operating in the Far East were ready for conversion into full operation within eight months, and staff studies were in process for other areas. Selected personnel from the former psychological warfare branches had been transferred into the SI branch against the possibility

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of future revival of such activities, and complete files on techniques and operations in this field had been maintained. The X-2 Branch was still "advising and assisting the appropriate executive agencies of the Government in frustrating the activities of foreign intelligence services and related secret organizations." It complemented the work of the CIC in local matters and in return received CIC intelligence of broader interest. Actively maintained, though in reduced or skeletonized magnitude, were communications, cover and documentation (technical services in current nomenclature), special funds, personnel selection and assessment, training (in which new manuals were nearing completion), security, reproduction and services.

The impression prevalent outside the State Department and CIG itself that things would now move fast was reflected in a War Department Directive on 29 January 1946, which called for the liquidation of SSU by 30 June 1946, the end of the current fiscal year. NIA Directive #2, on 8 February 1946, established the first form of organization for CIG and included in it Central Intelligence Services, for operational agencies as subsequently determined. However time dragged slowly for the personnel of SSU, among whom gossip as to the future was an incessant topic. Twice in ten days, on 4 and 14 February 1946, Gen. Magruder wrote memoranda pleading for quick determination, stating that morale was low and sinking and irreplaceable assets in trained personnel were melting away.

The more deliberate pace of the first Director of Central Intelligence, Sidney W. Souers, was soon reflected in his directives. CIG Directive #1, 19 February 1946, established an ad hoc committee of the NIA agencies to study SSU and report on facilities to be continued, disposition and assignment thereof and budgetary arrangements therefor. CIG Directive #3,

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one month later, 21 March 1946, ignored whatever progress had been made <sup>NO</sup> by the previously established committee, and instructed the Central Planning Staff of CIG to undertake a much broader survey, starting with the operational experience of Government agencies in espionage, estimating achievements, establishing uniform terminology, appraising available facilities, and determining whether a central service was called for. NIA Directive #4, 2 April 46, appeared to be intended to speed things up, since it called for DCI action "as quickly as possible." This directive stressed the importance that SSU's assets not be lost and ordered the DCI to issue directives to effect its liquidation and make recommendations for its permanent form to the NIA. Meanwhile SSU would operate under DCI directives, servicing NIA agencies and making facilities available for CIG use. There was one item in this directive, however, that did not presage a speed-up: it postponed the time within which SSU must be liquidated by a full fiscal year, to 30 June 1947. This directive referred to the intent to transfer SSU assets to "CIG or other agency." The responsive CIG #6, Directive to SSU, 4 April 1946, spoke of the transfer to "appropriate group in the War Department or other appropriate agencies." This latter directive also was restrictive in its effect on current SSU activities, which it restricted to "absolutely essential" services to Government agencies overseas and departmental agencies at home.

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In April Gen. Magruder joined the procession of personnel leaving SSU and his executive officer, Colonel Quinn replaced him. On 10 June 1946, Admiral Souers completed his service as DCI, without apparent result from either of the committees he had created and without deviation from the State Department preference for indecision with respect to services of common concern.

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Within a month after General Hoyt S. Vandenburg became DCI, he had obtained from the NIA it Directive #5, which directed him "to perform the following services of common concern: a Conduct of all organized Federal espionage and counter espionage operations outside the US and its possessions for the collection of foreign intelligence information required for the national security." On 19 July 1946, CIG Directive #14 provided for the internal reorganization of CIG. It included an Office of Special Operations to perform "the functions in paragraph 4a, NIA Directive No. 5. Almost simultaneously a reorganization in SSU combined the SI and X-2 Branches into FSRO, in order to adapt it for incorporation into CIG. Colonel Donald Galloway was appointed Assistant Director for Special Operations and functioned in a planning and phasing-in capacity for three months, until the administrative transfer of all SSU personnel to CIG on 19 October 1946. Since they were working in the same place, and indeed so continued until November 1948, the phasing-in process was ~~continue~~ a matter of adjusting lines of command. Meanwhile the personnel strength of SSU-OSO had dwindled further to approximately 1600 (figure subject to verification). From the operational standpoint, activities had dwindled further, but still existed in emaciated form in Germany, Japan and Southeast Asia. The remaining experienced personnel were the major asset, and a very substantial porportion of the important posts in OSO today are still occupied by veterans of nine to eleven years of continuous service. Agent personnel used and employed by OSS were attached to the organization solely through the individual they had dealt with, so so far as contacts continued, these assets came along automatically with the staff personnel. Where contact had been broken off, efforts were made during the SSU period to arrange for later

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resumption, and in some cases it was possible to effect this under OSO  
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